

EXECUTIVE SUMMARY

Prepared August 6, 2001

Mine Plan and Notice submitted: May 23, 2001

Mine Name: Blue Castle Mine

Operator: GoldTerra Inc.

Address: 4088 East Airport Road
Price, Utah 84501

Telephone: (435) 636-8888 **FAX** (435) 637-3104

Contact Person: Daniel C. Sheppard

Life of Mine: 10 Years +

I.D. No. M/015/077

County: Emery

New/Existing: SMO expanding to LMO

Mineral Ownership: Public Domain - BLM

Surface Ownership: Public Domain - BLM

Lease No.(s): N/A

Permit Term: Life of Mine

Legal Description: E1/2, Sec 29, T16S, R14E, SLBM

Mineral(s) to be Mined: Gold

Acres to be Disturbed: 135.56 Acres

Present Land Use: Stock Grazing/Wildlife

Postmining Land Use: Stock Grazing/Wildlife

Variances from Reclamation Standards (Rule R647) Granted: The naturally barren Mancos Shale slopes and mine terraces will not be reseeded. Due to the harsh site conditions, a variance for the 3 year requirement to attain the 70% revegetation standard in the area of approximately 22.16 acres of the mine that will be seeded and receive soils, as identified on the Reclamation Map. Because the remainder of the mine, approximately 113.4 acres, is located in barren Mancos Shale slopes that contain minimal vegetation, no revegetation standard will be applied.

Soils & Geology:

Soil Description: Approximately 1/2 of the lower facilities area are located within the Ravola-Toddler Complex. In this area 12" of soil will be harvested and stored for reclamation. The upper 1/2 of the facilities area, haulroad and approximately 10.02 acres of the proposed pit is located in a different, but similar soils type – the loamy-skeletal, mixed calcareous, messic type torrifluvents. In this area 8" of soil will be harvested and stored for reclamation. These areas are identified on the Reclamation Map.

pH: 7.3 to 7.7

Special Handling Problems: A large portion of the mine area is located within soils type Greybull-Utaline-Persazo complex and the Badland-Rubbleland-Rock outcrop complex. Soils within this unit are spotty and exhibit suitable topsoil qualities in only the portion from 0" to 4". Below that the soil is considered poor, being high in salts and selenium and very stony. These soils are present in a very thin veneer or in isolated pockets, associated with large boulders on hillsides. Soils and boulders in this area will be salvaged and respread on the pit benches to the extent practical.

Geology Description: The mine site, ore and soils, occurs in Mancos Shale, which is in Blue Castle member formed during the Cretaceous Age. This mine will produce no overburden, as the ore occurs on surface. As a result, soil harvested at this site will be limited.

Hydrology

Ground Water Description: The water table in this area is presently unknown. Ground water has not been encountered in the small mine operation and no ground water is found in the area. Therefore no effects to ground water by this operation is anticipated.

Surface Water Description: The minesite is located between two large intermittent drainages – Coleman Wash on the west and Grassy Wash on the east. One ephemeral drainage bisects the proposed minesite running from north to south. The only runoff anticipated at the site will be from direct rainfall or snowmelt.

Water Monitoring Plan: None required

Ecology

Vegetation Type(s); Dominant Species: The site vegetation grades from a snakegrass/grass community at the processing area through bare Mancos Shale slopes with some grasses and shrubs on the lower slopes to a Pinion/Juniper community on the upper slopes of the site.

Percent Surrounding Vegetative Cover: The site vegetation ranges from 0% on the bare Mancos Shale slopes to 35% on the processing area/lower pit areas.

Wildlife Concerns: None

Surface Facilities: The processing site will contain an office/lunchroom trailer with facilities, and a guard trailer. Also a trailer containing a generator to power support facilities and crushing and screening operations with fuel and water tanks within the processing site area. All crushing, mining equipment and support facilities will be portable and easily removed from the site.

Mining and Reclamation Plan Summary:

During Operations: Open pit mining of the Mancos Shale (ore) will be accomplished using a loader and 15-ton haul truck. The mined material will be hauled to the processing site where it will be crushed and stockpiled prior to removal offsite for further processing. Material will be mined beginning the first year at a rate of 500 tons/day, graduating to a rate of 5000 tons/day after year six and continuing at this level through out the life of the mine. Mining will take place on a year round basis. On 111.57 acres of the mine area, there are thin soils and numerous boulders on the existing slopes. As these areas mined, terraces (benches) will be developed. Salvageable soils and boulders will be placed back onto these terraces, to the extent practical, during mine development. The soils contain existing vegetation which will serve as a natural, live seed so The salvaged soils will be spread back onto the terraces shortly after stripping, thus OGM will not require supplemental seeding of the terraces, unless these revegetation efforts prove unsuccessful.

After Operations: Reclamation of the millsite (11.68 acres) will include regrading of the area, ripping of the compacted areas, spreading 12 inches of soil, upgraded to its original quality, followed by ripping and seeding. The haulroad to the minesite and a portion of the mine (total of 10.94 acres) will receive 8 inches of soil upgraded to its original quality, followed by ripping and seeding. GoldTerra's existing 5-acre small mine has been included within the scope of the large mine plan proposal. The small mine will be operated until the large mine plan is approved. The current small mine load-out and access road (1.83 acres) will be reclaimed when they are no longer needed to support the mining operation. The balance of the 5-acre small mine disturbance will be reclaimed according to the approved large mine reclamation plan.

Surety

Amount: \$281,200

Form: Unknown at this time

Renewable Term: 2006 Dollars

1	RECLAMATION SURETY ESTIMATE				
2	GoldTerra Inc.	last	on	07/20/01	
3	Blue Castle Mine	filename M015-077.WB2			
4	M/015/077	Emery County			
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	-This estimate uses a D9 size dozer for most earthwork				
7	Equipment Removal includes Cat, 2 loaders, conveyor components, trailers, & trucks				
16	-Areas to be reclaimed include 11.48 acres- facilities area, lower mine area of 10.48 acres, .46 acres haulroad, 1.88 facility area and access road used during SMO operation and 39.42 acres of pit floor which will not receive topsoil during reclamation effort.				
17	last unit cost update 2-Aug-2000				
18	Amount of disturbed area which will receive reclamation treatments =				63.72 acres
19	-Estimated total disturbed area for this mine =				135.56 acres
20	Activity	Quantity	Units	\$/unit	\$
21	Safety gates, signs, etc. (mtls & installation)	2	sum	200	400
22					
23	Removal of Facilities (Trailers-Tanks-Conveyors)	1	lump sum	0.24	3,551
24	Debris & equipment removal - trucking	6	trips	400	2,400
25	Debris & equipment removal - dump fees	10	ton	55	550
26	Debris & equipment removal- trucks w/FE loader	10	hours	166	1,660
27	Demolition & debris removal - general labor	8	hours	32.55	260
29	Rip SMO facilities area and access road	1.88	acre	271	509
35	Ripping pit floors	39.4	acre	271	10,683
38					
40	Recontouring site - dozer	19392	CY	3.35	64,963
43					
46	Topsoil replacement - FE loader	29627	CY	3.54	104,880
51	Ground Prep-ripping prior to seeding	22.4	acre	271	6,076
52	Drill seeding		acre	958.32	0
	Broadcast seeding - facilities & mine site	61.8	acre	170	10,506
54	Broadcast seeding (SMO access road & site)	1.88	acre	170	320
55	General site cleanup & trash removal	25.0	acre	50	1,250
56					
57	Equipment mobilization	4	equip	1000	4,000
58					
59	Reclamation Supervision	19	days	386	7,141
60			Subtotal		219,149
61	10% Contingency				21,915
62			Subtotal		\$241,064
63	Escalate for 5 years at 3.13% per yr				40,163
64			Total		\$281,227
65			Rounded surety amount in yr 2006-\$		\$281,200
66	Average cost per disturbed acre =		\$2,074		

Note

- (1) DOGM lump sum assumed
- (2) **Cost figures furnished by Goldterra**
- (7) DOGM general estimate - broadcast seeding
- (9) Means 2000 & Blue Book 3Q/00: Cat D9N, U, multi shank rippers, speed 1.0 mph
- (00) DOGM general estimate - site cleanup & trash removal
- (00) DOGM general estimate - equipment mobilization